## ABSTRACT OF THE DISCLOSURE

[0074] A system and method for selecting an appropriate transmit power and data rate at which a communication signal is transmitted over a link between nodes in a wireless ad-hoc communication network based on factors such as variations in path loss in the link, fading conditions, noise level estimation and overall link quality. The system and method perform the operations of computing path loss in the link based on information provided to the source node from the destination node pertaining to characteristics of a message that was transmitted by the source node and received by the destination node, determining a noise factor at the destination node, and calculating the power level and rate at which the data is transmitted over the link from the source node to the destination node based on the path loss and the noise factor. More specifically, the method calculates the power level based on the path loss, the noise factor and signal fading, and determines the rate based on the calculated power level. Furthermore, the path loss is computed dynamically as conditions of said link change over time. Accordingly, the system and method are capable of determining the proper level of transmit power and data rate for assuring that the destination node will receive the data transmitted by the source node at a reliability of at least 90%.